

Message Text

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PAGE 01 CAIRO 11277 071452Z
ACTION SS-25

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R 071354Z JUL 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 6983
INFO AMCONSUL ALEXANDRIA

C O N F I D E N T I A L CAIRO 11277

EXDIS

E.O. 11652: GDS
TAGS: EINV ETRD EG
SUBJECT: FORD INVESTMENT PROPOSAL

REF: CAIRO 11195

1. AM INFORMED BY FORD REP OUROUSOFF THAT FORD HEADQUARTERS MAY WANT MY REACTION TO LATEST GOE DEMANDS CITED REFTEL. I READ THESE DEMANDS AS A FURTHER EFFORT ON PART OF MININDUSTRY ISA SHAHIN TO ATTEMPT TO MAXIMIZE EGYPTIAN BENEFITS FROM FORD PROJECT SO THAT HOWEVER IT COMES OUT, HE CAN CLAIM CREDIT FOR ALLEGEDLY "PROTECTING" EGYPT'S INTERESTS.

2. I AM STRUCK BY FACT THAT THIS LATEST DEMAND COMES AT A TIME WHEN DEPUTY PRIMIN KAISOONI, FONMIN FAHMY AND INVESTMENT BOARD DEPUTY CHAIRMAN GAMAL NAZER ARE ALL OUT OF COUNTRY. I NOTE THAT MINECON EL SAYEH ALLEGEDLY CONCURRED IN LATEST DEMAND, BUT THIS SHOULD NOT BE TAKEN TOO SERIOUSLY. IN PRESENT STATE OF INTRA-MINISTERIAL PLAY, NO MINISTER IS PREPARED TO STAND UP AGAINST ANY PROPOSAL BY A COLLEAGUE THAT, ON ITS SURFACE, APPEARS TO OFFER EGYPTIANS A BETTER DEAL. CABINET WORKS ON A CONSENSUS BASIS AND SHAHIN IS ONLY LIKELY TO BE OUTVOTED WHEN ALL HIS COLLEAGUES WHO OBJECT TO WHAT HE IS DOING ARE
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TOGETHER AND CAN OVERRULE HIM. THEN NO INDIVIDUAL CAN BE BLAMED.

3. I FULLY APPRECIATE HOW ANNOYING THIS TYPE TACTIC IS TO FORD, BUT THIS IS A TYPICAL EGYPTIAN PLOY WHICH I HAVE SEEN ATTEMPTED MANY TIMES. FORD MUST, OF COURSE, DETERMINE WHETHER IT IS WILLING TO ACCEDE TO LATEST GOE

DEMANDS. IF IT DOES NOT WISH TO DO SO, AND I ASSUME THIS IS THE CASE, MY COUNSEL WOULD BE TO SO STATE FORTHRIGHTLY AND GIVE REASONS FOR REFUSAL. FORD HAS GONE A LONG WAY TO MEET GOE WISHES AND PROJECT IS LIKELY TO BE CONSIDERED BY HIGHER ECONOMIC COMMITTEE, CHAIRED BY PRIMIN, EVEN IF COMPANY TURNS DOWN LATEST EGYPTIAN DEMANDS. ALL INDICATIONS STILL SUGGEST GOE WOULD LIKE TO HAVE FORD PROJECT IF OUTSTANDING TECHNICAL DETAILS CAN BE WORKED OUT.

4. THOUGHT ALSO OCCURS TO ME THAT FORD MIGHT WANT TO GET IN TOUCH WITH KAISOUNI, WHO IS CURRENTLY IN THE U.S., AND DISCUSS MATTER WITH HIM. EGYPTIAN EMBASSY WASHINGTON SHOULD KNOW HIS WHEREABOUTS.

5. PLEASE CONVEY ABOVE TO ED WILLIAMS AND/OR WAYNE FREDERICKS.
EILTS

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